GOVERNMENT OF INDIA
TOURISM
LOK SABHA

UNSTARRED QUESTION NO:2124
ANSWERED ON:13.03.2008
METHODOLOGY FOR ESTIMATION OF FOREIGN EXCHANGE EARNINGS
Deora Shri Milind Murli

Will the Minister of TOURISM be pleased to state:

(a) whether the Government has revised the methodology for estimation of foreign exchange earnings through tourism;

(b) if so, the reasons and the details thereof;

(c) whether the current methodology is substantially underestimating the foreign exchange earnings from tourism; and

(d) if so, the reasons therefor and how does the current methodology differ from the revised methodology?

Answer

THE MINISTER OF TOURISM AND CULTURE(SMT. AMBIKA SONI)

(a) to (d): The Reserve Bank of India (RBI) gives preliminary quarterly estimates of Foreign Exchange Earnings (FEE) from tourism with a time lag of 3 months and provisionally revised estimates with a time lag of about 6 months. However, Ministry of Tourism (MOT) prepares monthly estimate of FEE from tourism with a time lag of one week.

The methodology earlier followed for estimating the FEE from tourism for a particular month was based on the following main inputs:-

i) A norm of FEE per visitor from Bangladesh and Pakistan;
ii) The ratio of FEE per visitor from countries other than Bangladesh and Pakistan; and
iii) Total number of foreign tourist arrivals in that month.

The ratio of FEE per visitor from countries other than Bangladesh and Pakistan was derived using the FEE data from the RBI, but had not been updated using the latest estimates from RBI. This resulted in significant variation between the estimates of FEE from tourism given by the MOT and the RBI.

In the revised methodology currently being used, the old norms of FEE per visitor from Bangladesh and Pakistan have been done away with. Further, the revised methodology uses the latest provisionally revised estimates of FEE from tourism available from the RBI. Another improvement in the new methodology is the use of Consumer Price Index (Urban Non-Manual Employees) in place of Wholesale Price Index to adjust for inflation.

As the new methodology has provision for using continuously the latest information of FEE from tourism given by RBI, the variation between the estimates of MOT and RBI in future also is likely to be only marginal.